

VZCZCXRO7527
RR RUEHLN RUEHVK RUEHYG
DE RUEHTA #1701/01 2521034
ZNR UUUUU ZZH
R 081034Z SEP 08
FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC 3220
INFO RUCPCIM/CIMS NTDB WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCNCIS/CIS COLLECTIVE 0626
RUEHAK/AMEMBASSY ANKARA 2181
RUEHBUL/AMEMBASSY KABUL 0417
RUEHNE/AMEMBASSY NEW DELHI 0516
RUEHAST/USOFFICE ALMATY 0707

UNCLAS SECTION 01 OF 02 ASTANA 001701

DEPT FOR SCA/CEN (O'MARA)
DEPT PASS TO OPIC - BALLINGER
DEPT PASS TO TDA FOR STEIN, EXIM FOR GLAZER
DEPT PASS TO AID - EE-PHILLIPS/RUSHING
TREASURY FOR OASIA/VELTRI
USDOC FOR 4231/ITA/MAC/MLONDON, 4201/BISNIS
USDOC FOR 6110/ITA/TD/BI/RHALPERN
ANKARA FOR CFC

SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [EAGR](#) [EPET](#) [ENRG](#) [EFIN](#) [KZ](#)

SUBJECT: KAZAKHSTAN ECONOMIC AND ENERGY UPDATE, AUGUST 17 - AUGUST 30, 2008

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¶1. Summary: This information is drawn primarily from the Kazakhstani local press, and has not been verified for accuracy.

- Kazakhstani Wheat Exports
- Regional Economic Integration: Latest Developments
- Banker Mukhtar Ablyazov Looking for IPO
- Economic Statistics
- ONGC To Buy Imperial Energy Corp.
- ENRC Increases Investments in Kazakhstan
- Energy Statistics

Kazakhstani Wheat Exports

¶2. Iran's state procurement agency will purchase 150,000-200,000 tons of milling wheat from Kazakhstan. Shipment is planned for October and November. Iran's grain harvest this summer was seriously damaged by drought and other unfavorable weather, the media reports.

¶3. Kazakhstan will triple its supply of wheat to Egypt. President Nazarbayev told visiting Egyptian Minister of Industry and Trade Rasheed Mohamed Rasheed on August 29 that in 2008, Kazakhstan intends to export approximately one million tons of wheat to his country. In 2007, Kazakhstan exported to Egypt 329,600 tons of wheat.

Regional Economic Integration: Latest Developments

¶4. In a meeting with President Nazarbayev, Tair Mansurov, Secretary General of the Eurasian Economic Community, said that the customs union between Russia, Belorussia and Kazakhstan should be set up by ¶2010. Eurasian Economic Community member states intend to adopt 26 out of 69 fundamental documents this year.

¶5. The Inter-Bank Alliance of the Shanghai Cooperation Organization (SCO) and the Eurasian Development Bank (EDB) signed a partnership memorandum on August 28 in Dushanbe. According to the Development Bank of Kazakhstan, which currently chairs the Inter-Bank Alliance, the memorandum is aimed at the development of mutual cooperation.

The sides will focus on funding investment projects and conducting joint activities, such as seminars, conferences, and business forums. The Inter-Bank Alliance includes the Development Bank of Kazakhstan, the China Development Bank, Russia's Vnesheconombank, the Settlement and Savings Company of Kyrgyzstan, Tajikistan's State Savings Bank Amonatbank, and the National Bank for External Economic Activity of Uzbekistan.

¶16. Russia's Vneshtorgbank (VTB) received permission from the Financial Supervision Agency to open a subsidiary in Kazakhstan. VTB opened a representative office in Almaty in February this year.

Banker Mukhtar Ablyazov Looking for IPO

¶17. BTA Bank Chairman Mukhtar Ablyazov has decided to consolidate his development businesses in Russia by merging the assets of two companies, Eurasia Logistics and Eurasia City. Russian newspaper Kommersant reported that his decision was taken in view of a possible IPO on the London Stock Exchange in 2009. According to Kommersant, the newly created company may become the most valuable development company in Russia, with a capitalization reaching \$23 billion.

Economic Statistics

¶18. Gross agricultural production in Kazakhstan was 363.5 billion tenge (approximately \$3 billion) during January-July 2008, which reflects 0.9% year-on-year growth. Meat production increased by 3.5% during that period, while the production of milk and eggs grew by 3.9% and 8.6% respectively.

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¶19. For the first half of 2008, Kazakhstan's external trade turnover was \$52.14 billion, a 42.5% increase over the same period for the previous year. Exports increased by 60.7% to total \$35.05 billion; imports grew by 15.5% to total \$17.1 billion. Price increases for oil and gas were responsible for much of the increase in exports. The physical volume of oil and gas exports actually declined by 2.4% during the first half of 2008, while the value of oil and gas exports grew by 66.9% to reach \$21.2 billion.

ONGC To Buy Imperial Energy Corp.

¶110. India's Oil and Natural Gas Corporation (ONGC) is in the final stages of negotiations to buy British Imperial Energy Corp. for 1.8 billion pounds. Imperial Energy owns a license to explore the Severniy Tourgay oil field in Kostanay oblast.

ENRC Increases Investments in Kazakhstan

¶111. The Board of Directors of the Eurasian Natural Resources Corporation (ENRC) voted to increase investments in Kazakhstan from \$3.6 billion to \$6.9 billion, in order to build a second pellet plant, a caustic soda plant with a designed capacity of 400,000 tons a year, and an anode production plant, and to complete the second phase of an electrolysis plant as well as other projects that will come on-stream during 2010-2012.

Energy Statistics

¶112. According to the National Statistics Agency, Kazakhstan produced 33.78 million tons of crude oil during January to July 2008, up 6.4% compared to the same period in 2007, and 19.88 billion cubic meters of natural gas, an increase of 14%. Coal production was up 18.4% to 62.92 million tons.

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